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A non-profit Association of Industrial, Commercial, Institutional and Governmental Large Energy Users

Philip Giudice, Commissioner
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

October 15, 2008

Subject: Comments on Alternate energy Portfolio Standard (APS)

Dear Commissioner Giudice:

The Energy Consortium, TEC, is pleased to file comments on G.L. Chapter 25A, Section 11F1/2, with emphasis on Combined Heat and Power. TEC is a non-profit association of commercial, industrial, institutional and governmental large energy users in Massachusetts and has been concerned with energy regulatory matters for over 35 years. It advocates positions that promote fair cost-based energy rates, diversified supplies and reliable service for both its member organizations, their employees and all Massachusetts ratepayers. TEC members generate on-site more than 100 megawatts of electricity and purchase an equivalent amount daily.

The purpose of the comments is to represent the customer point of view on the establishment of Class II and APS in January 2009. As the Department is well aware, TEC supports the development and use of renewables fully. TEC asks that the Department consider the cost impact that the increased portfolio requirements and other measures that have been proposed by the Green Communities Act will have on customers who are already burdened with some of the highest electric and gas rates in the country.

TEC does not have specific recommendations regarding the Class II portfolio but we do think it is important to set time limits on the number of years that this requirement will be in place. It is important to remember that there are a finite number of projects that are eligible to benefit from this standard. The fact that

Partial List of Members: Acushnet Co., Brandeis University, Clark University, Creative Paper Inc., Fidelity Investments, Flexcon, Harvard University, MIT, MWRA, P & G (Gillette), Partners HealthCare, Polaroid Corp., Saint-Gobain, Tufts University, UMass Medical, United States Gypsum Company, Whitehead Institute, WPI, W.R. Grace, and Wyeth Bio-Pharmaceutical

these generating resources began commercial operation prior to December 31, 1997 also means that many of them have already paid down significant parts of their projects.

Our comments are primarily directed toward the inclusion of Combined Heat and Power, CHP, in the Alternative Energy Portfolio Standard (APS). TEC recommends that the APS be set at 1/2 % (one half percent) in the first year and be increased by 1/2 % for the first five years and then reviewed to determine the achievements of the APS. In the initial stages of this standard it may be wise to permit parties to meet their requirements by establishing a ratio that would allow the purchase of Class I renewables to meet the APS requirement. We would recommend that one Class I certificate equal four APS certificates.

TEC views CHP as an important component of the overall energy mix in the Commonwealth, without it the prospects of not adding significant quantities of new efficient electric generation are low. More regional network generation will not result in the Green House Gas, GHG, reduction that is hoped for under the proposed zero net growth standard in Massachusetts.

CHP can improve reliability and flexibility for both customers and utilities. There is a pressing need for the regulatory and legislative bodies in MA to work with both customers and utilities to realize the potential of CHP in meeting electric energy and demand needs along with distributed generation (and congestion) opportunities. CHP (and Energy Efficiency) must be customer driven. Below is a list of must haves for successful CHP integration into the MA electric power mix under APS:

1. Elimination of restrictions on CHP capacity
2. Barriers to CHP must be removed.
 - a. Standby rates – Repeal of DPU 03-121.
 - b. Prohibitive interconnection costs – In many instances interconnection costs should be shared, i.e., the proposed CHP will result in relieving the capacity congestion on the system in specific areas.
3. CHP environmental benefits must be considered and valued in decisions regarding its use versus new generation. Do the environmental benefits warrant incentives to encourage its development?
4. Existing CHP should be grandfathered at 60% efficiency.

As stated in the Act, monitoring and verification of CHP is necessary. TEC recommends that the DOER use rules that are similar to the Class 1 regulation, i.e., “If the volume of electricity produced by the generation unit is not verified by the ISO-NE Market Settlement System, its participation in the NE-GIS will satisfy the

verification requirements.” Non-NEPOOL generators are units with nameplate capacities of 5 MW or less. TEC supports this for units that are 5 MW or less and recommends that units that exceed this capacity be treated individually to allow them to maximize their value to the system. If a unit that exceeds this size does not export more than 5 MW it will be treated in the same manner in regards to the APS.

Thank you for the opportunity to comment on the APS Regulation informal fact-gathering process. TEC looks forward to reviewing other stakeholder comments and participating in further discussions.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Roger Borghesani".

Roger Borghesani, Chairman